

Annual Financial Statements

for

NTAMBANANA MUNICIPALITY

for the period ended 30 June: **2015**

Province: KwaZulu Natal

AFS rounding: **R (i.e. only cents)**

Contact Information:	
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NTAMBANANA MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the period ended 30 June 2015

General information

Members of the Council

GK Khumalo	Mayor
WK Vilakazi	Speaker
EM Chonco	Deputy Mayor
MJ Xulu	Exco Member
NR Mngayi	Member
SZ Xulu	Member
TF Zincume	Member
DP Simelane	Member
SB Sibiya	Member
MM Cebekhulu	Member
KD Sibiya	Member
LC Mfeka	Member
GF Biyela	Member
M Mkhize	Member
B Mabaso	Member
HC De Villiers	Member

Municipal Manager (Acting)

Mr FS Mazibuko.

Chief Financial Officer

TRN Myeza

Grading of Local Authority

Grade 1

Auditors

Auditor-General

Bankers

ABSA

NTAMBANANA MUNICIPALITY
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General information (continued)

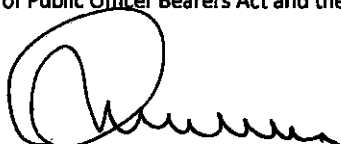
Registered Office:	Ntambanana Municipality offices
Physical address:	Buchanana Reserve Next to Buchanana Police Station Ntambanana Empangeni 3880
Postal address:	PRIVATE BAG X 20066 EMPANGENI 3880
Telephone number:	035 792 7091/2/3
Fax number:	0357927094
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Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 38, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 18 of these Annual Financial Statements are within the upper limits of framework envisaged in section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Municipal Manager (Acting): Mr FS Mazibuko

DATE: 17/11/15

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Ntambanana Local Municipality
Annual Financial Statements
Statement of Financial Position as at 30 June 2015

	Notes	June 2015	June 2014 - Restated
			R
ASSETS			
Current assets		24 728 639	24 891 241
Cash and cash equivalents	1	21 251 616	21 341 177
Trade and other receivables from non-exchange transactions	2	1 246 461	944 559
Other receivables from non-exchange transactions	3	1 262 000	1 233 300
VAT receivable	7	968 562	1 372 206
Non-current assets		69 804 511.17	59 502 579.11
Property, plant and equipment	4	69 709 318	59 442 047
Intangible Assets	5	95 194	60 532
Total assets		94 533 150	84 393 819.84
LIABILITIES			
Current liabilities		12 134 960	16 938 224
Trade and other payables	6	1 264 539	1 586 074
Current Portion of Finance Lease Liability	9	66 724	51 670
Current portion of unspent conditional grants and receipts	10	9 904 068	14 512 757
Provisions	8	899 630	787 722
Non-current liabilities		83 811	150 535
Finance Lease Liability	9	83 811	150 535
Total liabilities		12 218 771	17 088 759
Net assets		82 314 379	67 305 060
NET ASSETS		82 314 380	67 305 061
Accumulated surplus / (deficit)		82 314 380	67 305 061
Total net assets		82 314 380	67 305 061

Ntambanana Local Municipality
Annual Financial Statements
Statement of Financial Performance as at 30 June 2015

	Notes	June 2015	June 2014 - Restated
			R
Revenue			
Non - Exchange Transaction			
Property rates	11	1 322 608	1 288 002
Government grants and subsidies	15	58 132 611	59 622 727
Provision for Bad Debts Adjustment	2	-	207 419
Interest earned - external investments	13	1 323 666	1 167 533
Interest earned - outstanding receivables	14	95 549	68 131
		60 874 434	62 353 811
Exchange Transaction			
Rental of facilities and equipment	12	27 336	25 429
Other income	16	279 452	140 260
		306 788	165 689
Total revenue		61 181 222	62 519 500
Expenses			
Employee related costs	17	12 838 156	11 385 269
Remuneration of councillors	18	4 026 209	3 812 395
Depreciation and amortisation expense	19	3 536 586	2 693 449
Repairs and maintenance	20	1 125 458	406 969
General expenses	21	16 340 373	12 752 806
Contracted services	22	3 022 502	2 891 527
Community Projects	23	5 023 351	17 966 052
Finance Charges	24	46 418	37 598
Contribution to provision		141 205	110 167
Provision for Bad Debts Adjustment	2	69 281	-
Total expenses		46 169 539	52 056 230
Assets Written Off		(2 365)	(10 197)
Surplus / (deficit) for the period		15 009 318	10 453 073

Ntambanana Local Municipality Annual Financial Statements Statement of Changes in Net Assets as at 30 June 2015						
	Note	Revaluation Reserve	Other reserves	Total: Reserves	Accumulated Surplus/ (Deficit)	Total: Net Assets
Balance at 30 June 2013		-	-	-	57 162 766	57 162 766
Correction of Prior Errors - Accumulated Depreciation		-	-	-	(116 556)	(116 556)
Correction of Prior Errors - Provisions		-	-	-	(194 221)	(194 221)
Balance as at 30 June 2013 - Restated		-	-	-	56 851 988	56 851 988
Surplus / (deficit) on revaluation of property of property, plant and equipment		-	-	-	-	-
Net gains and losses not recognised in the statement of financial performance		-	-	-	-	-
Transfers to / from accumulated surplus/(deficit)		-	-	-	-	-
Surplus / (deficit) for the period		-	-	-	10 453 073	10 453 073
Balance at 30 June 2014 - Restated		-	-	-	67 305 061	67 305 061
Surplus / (deficit) on revaluation of property of property, plant and equipment		-	-	-	-	-
Net gains and losses not recognised in the statement of financial performance		-	-	-	-	-
Transfers to / from accumulated surplus/(deficit)		-	-	-	-	-
Surplus / (deficit) for the period		-	-	-	15 009 318	15 009 318
Balance at 30 June 2015		-	-	-	82 314 380	82 314 380

Ntambanana Municipality
Annual Financial Statements
Statement of Cash Flows for the Period ended 30 June 2015

		June 2015	June 2014 - Restated
		R	R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Cash Receipts from ratepayers, government and others		56 326 542	63 651 604
Cash paid to suppliers and employees		(43 951 239)	(51 466 155)
Cash Generated From Operations	25	12 375 304	12 185 449
Finance Income		1 323 666	1 235 663
Finance Costs		(46 418)	(37 598)
Net cash flows from operating activities		13 652 552	13 383 514
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets (PPE)	4	(13 590 303)	(12 874 574)
Proceeds from sale of fixed assets		-	-
Proceeds from sale of investments		-	-
Purchase of intangibles	5	(100 140)	-
Net cash flows from investing activities		(13 690 442)	(12 874 574)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Proceeds from finance lease liability	9	-	202 206
Repayment of finance lease liability	9	(51 670)	-
Net cash flows from financing activities		(51 670)	202 206
Net Increase / (decrease) in net cash and cash equivalents		(89 561)	711 146
Net cash and cash equivalents at beginning of period		21 341 177	20 630 031
Net cash and cash equivalents at end of period	1	21 251 616	21 341 177

Ntambanana Municipality

Comparison of Budget and Actual

as at 30 June 2015

Budget on Accrual Basis										Reasons to Variances
Financial Performance										
Original Budget	Budget Adjustment	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome			
R	R	R	R	R	%	%	R	R		
1 353 259	1 353 259	1 353 259	1 322 608	(30 650)	98%	98%	1 288 002	Property Values Decreased towards the end of the financial year.		
1 073 566	1 073 566	1 073 566	1 323 666	250 100	123%	123%	1 235 663	Improved internal controls on spending resulted in longer investments.		
43 378 000	44 409 385	44 409 385	44 190 258.70	(219 126)	100%	100%	46 058 195	Penalties raised on late completion of construction projects		
128 987	155 012	155 012	402 337	247 325	260%	312%	373 108			
45 933 812.06	46 991 222	46 991 222	47 238 870	247 648	101%	103%	48 954 968			
14 511 555	13 287 480	13 287 480	12 838 156	(449 324)	97%	88%	11 385 269	Positions Vacant - Municipal Manager		
3 926 320	4 318 952	4 318 952	4 026 209	(292 743)	93%	103%	3 812 395	Two councillors passed away during the course of the financial year.		
2 430 031	2 430 031	2 430 031	3 536 586	1 106 555	146%	146%	2 693 449	Depreciation was under provided.		
			46 418	46 418	100%	0%	37 598	Lease Agreement Classified as Finance Lease		
24 787 122	29 633 811	29 633 811	25 724 534	(3 909 277)	87%	104%	34 137 717	Improved internal controls and under spending on waste activities.		
45 655 028.06	49 670 274.83	49 670 275	46 171 903	(3 498 372)	93%	101%	52 066 427			
278 784	(2 679 053)	(2 679 053)	1 066 966	3 746 019	-40%	383%	(3 111 459)			
16 696 000	18 595 298	18 595 298	13 942 352	(4 652 946)	75%	84%	13 564 532			
-	6 828 419	6 828 419	-	(6 828 419)	0%	0%	-			
16 974 784	22 744 664	22 744 664	15 009 318	(7 735 346)	66%	88%	10 453 073			
-	-	-	-	-	0%	0%	-			
16 974 784	22 744 664	22 744 664	15 009 318.30	(7 735 346)	66%	88%	10 453 073			
Capital expenditure & funds sources										
Capital expenditure										
16 696 000	18 618 955	18 618 955	13 942 352	(4 676 603)	75%	84%	12 121 399	Mig Funds withheld, Delays in construction of Mabhensa Sports Field		
278 784	318 784	318 784	1 176 649	857 865	369%	422%	523 175	Capex identified from normal expenditure		
16 974 784	18 937 738.82	18 937 739	15 119 001	857 865	80%	89%	12 644 574			
Cash flows										
Cash/cash equivalents at the year beginning										
21 341 177	21 341 177	21 341 177	21 341 177	-	100%	100%	20 630 031	Mig Funds withheld, Delays in construction of Mabhensa Sports Field		
19 404 844	14 539 380	14 539 380	13 652 552	(886 828)	94%	70%	13 383 514	Mig Funds withheld, Delays in construction of Mabhensa Sports Field		
(16 974 784)	(18 937 739)	(18 937 739)	(13 690 442)	5 247 297	72%	81%	(12 874 574)	Mig Funds withheld, Delays in construction of Mabhensa Sports Field		
(51 670.26)	(51 670)	(51 670)	(51 670)	-	0%	0%	202 206			
23 719 566	16 891 148	16 891 148	21 251 616	4 360 469	126%	90%	21 341 177			

NTAMBANANA MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
For the period ended 30 June 2015

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

These standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statement
GRAP 3	Accounting Policies , Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes In Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments In Associates
GRAP 8	Investments In Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Properties
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 21	Impairment of Non-Cash Generating Assets
GRAP 23	Revenue from Non-exchange Transactions
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash Generating Assets
GRAP 31	Intangible Assets
GRAP 100	Discontinued Operations
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 105	Transfer of Function Between Entities Under Control
GRAP 106	Transfer of Function Between Entities Not Under Control
GRAP 107	Mergers

Accounting policies for material transaction, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraph 7,11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the Grap standard and Directive 5 including any interpretations of such Statements issued by the Accounting Practices Board. These includes Grap 32 and Grap 108, not yet effective.

A summary of the significant accounting policies which have been consistently applied except where transitional provisions has been granted are disclosed below.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.4 COMPARABLE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in as an additional statements to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

GRAP 18 Segment Reporting

GRAP 105 - Transfer of functions between entities under common

GRAP 106 - Transfer of functions between entities not under common

GRAP 107 - Mergers

GRAP 20 - Related party disclosures

GRAP 32 - Service concession arrangements: Grantor

GRAP 108 - Statutory receivables

GRAP 109 - Accounting by Principals and Agents

1.6 VALUE ADDED TAX (VAT)

The Municipality account in its records for Vat on Accrual Basis but to Sars on Cash basis Method, based on special exemption.

2 EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date of when the financial statements are authorised for issue, the two types of events are described below. Ref Grap 19.

(a) those that provide evidence of conditions that existed at reporting date (adjusting events after the reporting date); and

(b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date). Reporting date means the date of the last day of the reporting period to which the financial statements relate.

3 RELATED PARTIES

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. Municipality operates in an economic sector currently dominated by entities directly or indirectly owned by South African Government.

As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national spheres of Government are considered to be related parties.

Key management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by management in their dealings with entity.

Only transactions with related parties not arms length or not in the ordinary course of business are disclosed

4 COMMITMENTS

Commitments are future capital expenditure that the Municipality has committed to. Commitments are disclosed in Annual Financial Statements.

5 RISK MANAGEMENT

Municipality's activities expose it to a variety of financial risks (credit risk, Liquidity risk and Interest rate risk). Municipality has developed a comprehensive risk strategy in terms of Treasury Regulations 28.1 in order to Monitor and control these risks. Internal audit function reports quarterly to Audit and Risk Management Committee, an independent body that monitor risks and policies implemented to mitigate risks exposures. The risk management process relating to each of these risks is discussed under the headings below.

5.1 INTEREST RATE RISK

Municipality has no significant interest- bearing assets, income and operating cash flow are substantially independent of changes in market interest rates.

5.2 CREDIT RISK

Credit risk consists mainly of cash deposits, cash equivalents and trade receivables. Municipality only deposits cash with major banks with high quality credit standing and limits exposure to any counter- party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk related to customers on an ongoing basis

5.3 LIQUIDITY RISK

Municipality manages liquidity risk through proper management of expenditure and proper budgeting and cash management procedures.

6 PROPERTY, PLANT AND EQUIPMENT

6.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

6.2 SUBSEQUENT MEASUREMENT - COST MODEL (LAND AND BUILDINGS)

Subsequent to initial recognition, land and buildings are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

6.3 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

6.4 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

<i>Infrastructure Assets</i>		<i>Other Assets</i>	
Roads and Paving	30 years	Buildings	30 years
Stormwater Drainage	20 years	Specialist vehicles	10 years
<i>Community Assets</i>		Other vehicles	5 years
Buildings	30 years	Office equipment	3-7 years
Recreational Facility	20-30 years	Furniture and fittings	7-10 years
Security	5 years	Bins and containers	5 years
Community Halls	30 years	Specialised plant and equipment	10-15 years
Libraries	30 years	Landfill sites	15 years
Parks and gardens	10 years	Computer equipment	3 years
<i>Finance Lease Assets</i>			
Office equipment	4 years		

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Ntambanana Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Boards, in terms of Directive 4 issued in March 2009, with respect to the measurement of property, plant and equipment as set out in paragraph 73 to 83.

6.5 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

7 INTANGIBLE ASSETS

7.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

7.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

7.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software	3 years
-------------------	---------

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

7.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

8 INVESTMENT PROPERTY

8.1 INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

8.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

9 FINANCIAL INSTRUMENTS

9.1 INITIAL RECOGNITION

The entity recognises a financial asset or a financial liability in its Statement of Financial Position when and only when the entity becomes a party to the contractual provisions of the instruments. Financial instruments are initially recognised at fair value.

9.2 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, it is in accordance with Grap 104.

9.2.1 INVESTMENTS

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

9.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

Provision for doubtful debts is calculated by classifying the outstanding debts into three categories: Category A are government properties and those who owe less than 30 days. No provision is made for them. Category B is those who are irregular payers, and the debts are between 31 and 60 days. The provision is made at 25%. Category C are bad payers and the provision is at 50%.

9.2.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

9.2.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

10 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

11 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

12 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

13 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met: (a) The municipality has a detailed formal plan for the restructuring identifying at least: - the business or part of a business concerned; - the principal locations affected; - the location, function, and approximate number of employees who will be compensated for terminating their services; - the expenditures that will be undertaken; and - when the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

14 LEASES

14.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

14.2 MUNICIPALITY AS LESSOR

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

15 REVENUE

15.1 REVENUE FROM EXCHANGE TRANSACTIONS RECOGNITION

Revenue from exchange transactions is only recognised once all of the following criteria have been satisfied:

- a) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- b) The amount of revenue can be measured reliably
- c) It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

MEASUREMENT

Revenue from exchange transactions is measured at fair value of the consideration received or receivable taking into account the amount of any trade discounts allowed by the municipality

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licenses and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

15.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

15.3 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

16 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

17 EMPLOYEE BENEFITS

17.1 RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and Councillors. Contributions are made to the Natal Joint Municipal Pension Fund to fund the obligations for the payment of retirement benefits in accordance with the rules of the defined benefit funds it administers. Contributions are recognised as an expense in the statement of Financial Performance.

The funds are actuarially valued every three years using the discounted cash flow method. Any deficits identified by the actuary are recovered from participating municipalities in the form of surcharges added to the contributions which are recognised as an expense in the statement of Financial Performance in the year that they become payable.

17.2 SHORT-TERM EMPLOYEE BENEFITS

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted

The expected cost of compensated absences is recognised as an expense as the employee render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

18 IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

19 COMPARATIVE FIGURES

Where materially necessary, comparative figures have been reclassified and restated to conform to changes in presentation in the current year.

NTAMBANANA MUNICIPALITY
Notes to the Annual Financial Statements
for the period ended 30 June 2015

1 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	June 2015	June 2014
		R
Cash at bank	21 251 616	21 341 177
	<u>21 251 616</u>	<u>21 341 177</u>

The Municipality has the following bank accounts: -

Current Account (Primary Bank Account)

ABSA Bank Limited - Durban La Lucia Branch: Account Number 4054154293

Cash book balance at beginning of year	702 370	6 910 330
Cash book balance at end of year	<u>73 737</u>	<u>702 370</u>
Bank statement balance at beginning of year	708 695	6 927 199
Bank statement balance at end of year	<u>73 737</u>	<u>708 695</u>

Current Account (Call account)

ABSA Bank Limited - Durban La Lucia Branch: Account Number 9116410562

Cash book balance at beginning of year	13 847 737	5 626 355
Cash book balance at end of year	<u>11 323 516</u>	<u>13 847 737</u>
Bank statement balance at beginning of year	13 847 737	5 626 355
Bank statement balance at end of year	<u>11 323 516</u>	<u>13 847 737</u>

Current Account (NEP account)

ABSA Bank Limited - Durban La Lucia Branch: Account Number 9228120980

Cash book balance at beginning of year	181 133	6 974 859
Cash book balance at end of year	<u>188 400</u>	<u>181 133</u>
Bank statement balance at beginning of year	181 133	6 974 859
Bank statement balance at end of year	<u>188 400</u>	<u>181 133</u>

Current Account (Housing fund account)

ABSA Bank Limited - Durban La Lucia Branch: Account Number 9234461881

Cash book balance at beginning of year	42 054	40 569
Cash book balance at end of year	<u>-</u>	<u>42 054</u>
Bank statement balance at beginning of year	42 054	40 569
Bank statement balance at end of year	<u>-</u>	<u>42 054</u>

NTAMBANANA MUNICIPALITY
Notes to the Annual Financial Statements (Continued)
for the period ended 30 June 2015

Current Account(Special Disaster account)

ABSA Bank Limited - Durban La Lucia Branch: Account Number 4072416887

Cash book balance at beginning of year		
Cash book balance at end of year	-	-
Bank statement balance at beginning of year		
Bank statement balance at end of year	-	-

Current Account(Housing Project fund)

ABSA Bank Limited - Durban La Lucia Branch: Account Number 4058836768

Cash book balance at beginning of year	62 296	63 006
Cash book balance at end of year	-	62 296
Bank statement balance at beginning of year	62 296	63 006
Bank statement balance at end of year	-	62 296

Current Account(Investment account)

ABSA Bank Limited - Durban La Lucia Branch: Account Number 2073479155

Cash book balance at beginning of year	5 535 004	-
Cash book balance at end of year	5 897 570	5 535 004
Bank statement balance at beginning of year	5 535 004	-
Bank statement balance at end of year	5 897 570	5 535 004

Current Account(MIG)

ABSA Bank Limited - Durban La Lucia Branch: Account Number 9272964122

Cash book balance at beginning of year	970 583	1 014 911
Cash book balance at end of year	3 768 393	970 583
Bank statement balance at beginning of year	970 583	1 014 911
Bank statement balance at end of year	3 768 393	970 583

Cash on Hand

Total cash and cash equivalents	21 251 616	21 341 177
Total bank overdraft		

NTAMBANANA MUNICIPALITY
Notes to the Annual Financial Statements (Continued)
for the period ended 30 June 2015

2 TRADE AND OTHER RECEIVABLES FROM NON EXCHANGE TRANSACTIONS	Gross Balances	Provision for Doubtful	Net Balance
	R	Debts	R
		R	
Trade receivables			
as at 30 June 2015			
Service debtors			
Rates	1 524 980	(278 519)	1 246 461
Refuse	-	-	-
	<u>1 524 980</u>	<u>(278 519)</u>	<u>1 246 461</u>
Trade receivables	R	R	R
as at 30 June 2014			
Service debtors			
Rates	1 153 796	(209 238)	944 559
Balance as at 30 June 2014	<u>1 153 796</u>	<u>(209 238)</u>	<u>944 559</u>
Rates: Ageing	2015	2014	
Current (0 – 30 days)	85 476	77 590	
31 - 60 Days	76 008	69 159	
61 - 90 Days	72 726	61 784	
91 - 120 Days	1 290 770	945 264	
	<u>1 524 980</u>	<u>1 153 796</u>	
Total Trade and other receivables	<u>1 524 980</u>	<u>1 153 796</u>	

3 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	June 2015	June 2014
Accrued interest	-	21 344
Staff Debtors	162 593	162 593
MIG Grants	1 078 330	906 772
Finance Management Grant	7 728	34 570
MSIG Grants	13 349	-
Sports Grant	-	-
NEP Grants	-	29 298
Library Grant	-	78 724
Total Other Debtors	<u>1 262 000</u>	<u>1 233 300</u>

The fair value of Trade and Other Receivables approximates their carrying value.

NTAMBANANA MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the period ended 30 June 2015

4 PROPERTY PLANT AND EQUIPMENT

4.1 Details - Restated

Carrying Value as at 01 July 2014					
	Cost/Revaluation	Land and Buildings	Vehicles	Furniture & Equipments	Community Assets
Accumulated depreciation and impairment losses					
Acquisitions		122 699		614 540	18 215 201
Capital under Construction					(18 215 201)
Depreciation		(493 371)	(469 046)	(586 505)	(2 222 186)
Disposals					
Assets Impairments/ Write-off				(2 365)	
Cost/Revaluation				(9 163)	
Accumulated depreciation and impairment losses				6 798	
as at 30 June 2015		2 184 424	2 434 462	1 791 557	68 510 571
Cost/Revaluation		3 557 531	3 930 362	5 578 924	74 579 342
Accumulated depreciation and impairment losses		(1 373 107)	(1 495 900)	(3 787 366)	(6 068 771)
30 June 2014					
as at 01 July 2013		2 184 474	3 372 555	2 033 502	31 548 148
Cost/Revaluation		3 240 532	3 930 362	4 741 809	33 881 758
Accumulated depreciation and impairment losses		(1 056 059)	(557 807)	(2 708 307)	(2 333 610)
Acquisitions		194 300		284 955	12 472 929
Capital under Construction					(12 472 929)
Depreciation		(123 677)	(469 046)	(542 372)	(1 512 975)
Disposals					
Assets Impairments/ Write-off				(10 197)	
Cost/Revaluation				(53 217)	
Accumulated depreciation and impairment losses				43 020	
as at 30 June 2014		2 255 096	2 903 508	1 765 887	42 508 101
Cost/Revaluation		3 434 832	3 930 362	4 973 547	46 354 686
Accumulated depreciation and impairment losses		(1 179 736)	(1 026 854)	(3 207 660)	(3 846 585)

	Land and Buildings	Vehicles	Furniture & Equipments	Community Assets	WIP	Total
2 255 096	2 255 096	2 903 508	1 765 887	52 517 555	10 009 454	59 442 047
3 434 832	3 434 832	3 930 362	4 973 547	56 364 141	10 009 454	68 702 882
(1 179 736)	(1 179 736)	(1 026 854)	(3 207 660)	(3 846 585)	-	(9 260 835)
122 699			614 540	18 215 201	(18 215 201)	737 239
(493 371)		(469 046)	(586 505)	(2 222 186)	-	(3 471 109)
-		-	(2 365)	-	-	(2 365)
-		-	(9 163)	-	-	(9 163)
-		-	6 798	-	-	6 798
2 184 424	2 184 424	2 434 462	1 791 557	68 510 571	4 797 758	69 709 318
3 557 531	3 557 531	3 930 362	5 578 924	74 579 342	4 797 758.28	82 434 463
(1 373 107)	(1 373 107)	(1 495 900)	(3 787 366)	(6 068 771)	-	(12 725 145)
2 184 474	2 184 474	3 372 555	2 033 502	31 548 148	10 087 064	49 225 742
3 240 532	3 240 532	3 930 362	4 741 809	33 881 758	10 087 064	55 881 525
(1 056 059)	(1 056 059)	(557 807)	(2 708 307)	(2 333 610)	-	(6 655 783)
194 300			284 955	12 472 929	(12 472 929)	479 255
(123 677)		(469 046)	(542 372)	(1 512 975)	-	(2 648 071)
-		-	(10 197)	-	-	(10 197)
-		-	(53 217)	-	-	(53 217)
-		-	43 020	-	-	43 020
2 255 096	2 255 096	2 903 508	1 765 887	42 508 101	10 009 454	59 442 047
3 434 832	3 434 832	3 930 362	4 973 547	46 354 686	10 009 454	68 702 882
(1 179 736)	(1 179 736)	(1 026 854)	(3 207 660)	(3 846 585)	-	(9 260 835)

NTAMBANANA MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the ended 30 June 2015

5 INTANGIBLE ASSETS

	Computer Software R	Other* R	Total R
Details - Restated			
as at 01 July 2014	60 532		60 532
Cost at the beginning	145 979	-	145 979
Accumulated amortisation and impairment losses	(85 447)	-	(85 447)
Acquisitions	100 140		100 140
Amortisation	(65 478)		(65 478)
Carrying value of disposals		-	-
Cost		-	-
Accumulated amortisation		-	-
Impairment loss/Reversal of impairment loss	-	-	-
Transfers	-	-	-
Other movements		-	-
as at 30 June 2015	95 194	-	95 194
Cost at the end	246 118	-	246 118
Accumulated amortisation and impairment losses	(150 925)	-	(150 925)
30 June 2014			
as at 01 July 2013	105 910		105 910
Cost at the beginning	145 979	-	145 979
Accumulated amortisation and impairment losses	(40 069)	-	(40 069)
Acquisitions			
Amortisation	(45 378)		(45 378)
Carrying value of disposals			
Cost	-	-	-
Accumulated amortisation	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-
Transfers	-	-	-
Other movements		-	-
as at 30 June 2014	60 532	-	60 532
Cost at the end	145 979	-	145 979
Accumulated amortisation and impairment losses	(85 447)	-	(85 447)

NTAMBANANA MUNICIPALITY
Notes to the Annual Financial Statements
for the period ended 30 June 2015

	June 2015	June 2014
		R
6 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade creditors	177 997	556 356
Performance Bonus Accruals	-	-
Consumer Deposits - Hall Hire	3 500	2 500
Retention Monies	923 593	855 164
Payments received in advance	159 448	172 054
Total creditors	1 264 539	1 586 074
The fair value of Trade and Other Payables approximates their carrying value.		
7 VAT RECEIVABLES		
Vat Receivable	968 562	1 372 206
Total vat receivable	968 562	1 372 206
The municipality is registered with SARS. VAT is payable on payment basis.		
8 PROVISIONS		
Performance bonus	180 355	169 347
Provision for leave	464 119	396 573
Employees Bonus Provision	255 156	221 802
Total Provisions	899 630	787 722.1
9 Finance Lease Liability		
The municipality entered into a lease agreement with Capital Office Automation - Xerox for the period of three years.		
The agreement ends on 31 October 2016		
9.1 Product Type - Copier D125 - Serial No. 3909635542		
Opening Balance	140 659	-
Additions	-	160 000
Redemptions	(35 949)	(19 341)
Balance at the end	104 710	140 659
Less: Current Portion of Lease Liability (Within one year)	(46 412)	(35 949)
Non Current Portion of Lease Liability (More than one year to five years)	58 299	104 710
9.2 Product Type - Copier 7855 - Serial No. 3913723227		
Opening Balance	61 547	-
Additions	-	70 000
Redemptions	(15 722)	(8 453)
Balance at the end	45 825	61 547
Less: Current Portion of Lease Liability (Within one year)	(20 313)	(15 722)
Non Current Portion of Lease Liability (More than one year to five years)	25 513	45 825
	83 811	150 535
10 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
10.1 Unspent Conditional Grants from other spheres of Government		
NEP Grants	-	-
MSIG Grants	-	1 427
Housing grants	-	-
Corridor Grants	230 947	1 181 385
Waste Management Grant	7 142 217	11 365 993
Sports Grant	2 248 935	525 000
Community library services grant	-	64 730
Expended Public Works Programmes	15 464	4 924
Lottary Grant	266 504	1 369 298
Finance Management Grant	-	-
Municipal Infrastructure Grant	-	-
Total Unspent Conditional Grants and Receipts	9 904 068	14 512 757
Non-current unspent conditional grants and receipts	-	-

NTAMBANANA MUNICIPALITY
Notes to the Annual Financial Statements (Continued)
for the period ended 30 June 2015

	June 2015	June 2014 R
11 PROPERTY RATES		
11.1 Actual		
Billing	2 694 997.38	2 685 516
Less: Income forgone		
Rebates	-	-
Remission	(1 372 389.10)	(1 397 514)
Total property rates	1 322 608	1 288 002
Property rates - penalties Imposed and collection charges	-	-
Total	1 322 608	1 288 002
11.2 Valuations		
Commercial	2 075 600	6 613 600
Residential	22 300 000	26 901 000
Agriculture	144 398 000	144 461 000
Government/State	146 473 000	114 316 000
Municipal (Ingonyama Trust land)	75 866 000	97 327 000
Total Property Valuations	391 112 600	389 618 600
Valuation on Properties are conducted on the Quarterly Basis.		
12 RENTAL OF FACILITIES AND EQUIPMENT		
Exchange Transactions		
Rent- Internal	27 336	25 429
Heatonberry farm rental	-	-
Total rentals	27 336	25 429
13 INTEREST EARNED - CASH AND CASH EQUIVALENTS		
Bank	1 323 666	1 167 533
Total interest	1 323 666	1 167 533
14 INTEREST EARNED - OUTSTANDING RECEIVABLES		
Rates -debtors	95 549	68 131
Total interest	95 549	68 131
15 GOVERNMENT GRANTS AND SUBSIDIES (conditions met)		
Community library service	144 050	114 902
Corridor Development	950 438	2 694 396
Equitable share	30 881 000	21 185 000
Expanded Public Works Programme Grant	1 760 460	1 001 939
Finance Management Grant	1 773 158	1 652 097
Housing Grant	-	87 928
Infrastructure Sports facility	151 064	-
Library	502 957	579 471
MIG Grant	12 839 558	13 564 532
MPCC's	-	-
MSIG Grant	948 776	843 967
National Lottery Grant	1 102 793	164 854
NEP Grant	-	14 393 248
Refuse removal Grant	7 078 355	3 340 452
Support for Thusong services	-	-
Total Government Grant and Subsidies	58 132 611	59 622 727
15.1 Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly FBE, which is funded from the Equitable share grant.	30 881 000	21 185 000

NTAMBANANA MUNICIPALITY
Notes to the Annual Financial Statements (Continued)
for the period ended 30 June 2015

	June 2015	June 2014 R
15.2 MIG Grant		
Balance unspent at beginning of year	(906 771.99)	(754 239.79)
Current year receipts	12 668 000	13 412 000
Conditions met - transferred to revenue	(12 839 558)	(13 564 532.20)
Conditions still to be met - remain liabilities	<u>(1 078 330)</u>	<u>(906 772)</u>
15.3 MSIG Grant		
Balance unspent at beginning of year	1 427	(44 606)
Current year receipts	934 000	890 000
Conditions met - transferred to revenue	(948 775)	(843 967)
Conditions still to be met - remain liabilities	<u>(13 349)</u>	<u>1 427</u>
15.4 NEP Grant		
Balance unspent at beginning of year	(29 298)	3 363 950
Current year receipts	-	11 000 000
Conditions met - transferred to revenue	29 298	(14 393 248)
Conditions still to be met - remain liabilities	<u>-</u>	<u>(29 298)</u>
15.5 Housing Grant		
Balance unspent at beginning of year	(0)	87 928
Current year receipts	-	-
Conditions met - transferred to revenue	-	(87 928)
Conditions still to be met - remain liabilities	<u>(0)</u>	<u>(0)</u>
15.6 National lottery Grant		
Balance unspent at beginning of year	1 369 298	-
Current year receipts	-	1 534 152
Conditions met - transferred to revenue	(1 102 793)	(164 854)
Conditions still to be met - remain liabilities	<u>266 504</u>	<u>1 369 298</u>
15.7 Sport facility Grant		
Balance unspent at beginning of year	525 000	(0)
Current year receipts	1 875 000	525 000
Conditions met - transferred to revenue	(151 064)	-
Conditions still to be met - remain liabilities	<u>2 248 935</u>	<u>525 000</u>
15.8 Corridor Development Grant		
Balance unspent at beginning of year	1 181 385	1 875 781
Current year receipts	-	2 000 000
Conditions met - transferred to revenue	(950 438)	(2 694 396)
Conditions still to be met - remain liabilities	<u>230 947</u>	<u>1 181 385</u>
15.09 EPWP		
Balance unspent at beginning of year	4 924	6 863
Current year receipts	1 771 000	1 000 000
Conditions met - transferred to revenue	(1 760 460)	(1 001 939)
Conditions still to be met - remain liabilities	<u>15 464</u>	<u>4 924</u>
15.10 Finance Management Grant		
Balance unspent at beginning of year	(34 570)	(32 533)
Current year receipts	1 800 000	1 650 000
Conditions met - transferred to revenue	(1 773 158)	(1 652 037)
Conditions still to be met - remain liabilities	<u>(7 728)</u>	<u>(34 570)</u>

NTAMBANANA MUNICIPALITY
Notes to the Annual Financial Statements (Continued)
for the period ended 30 June 2015

	June 2015	June 2014 R
15.11 Waste management Grant		
Balance unspent at beginning of year	11 365 993	7 855 445
Current year receipts	2 854 579	6 851 000
Conditions met - transferred to revenue	(7 078 355)	(3 340 452)
Conditions still to be met - remain liabilities	<u>7 142 217</u>	<u>11 365 993</u>
15.12 Support for Thusong services		
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities	<u>-</u>	<u>-</u>
15.13 Provincial security Grant (MPCC's)		
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities	<u>-</u>	<u>-</u>
15.14 Library Grant		
Balance unspent at beginning of year	(78 724)	(13 252)
Current year receipts	535 000	514 000
Conditions met - transferred to revenue	(456 276)	(579 471)
Conditions still to be met - remain liabilities	<u>-</u>	<u>(78 724)</u>
15.15 Community Library service Grant		
Balance unspent at beginning of year	64 731	59 633
Current year receipts	126 000	120 000
Conditions met - transferred to revenue	(190 730)	(114 902)
Conditions still to be met - remain liabilities	<u>0</u>	<u>64 731</u>
16 OTHER INCOMES		
Tender Monies	53 333	61 878
Hall hire	12 281	11 779
Sundry income	36 024	35 965
LG SETA Refund	27 373	30 638
Penalties - Construction Contracts	150 441	-
Provisions utilised	-	-
Donations Received	-	-
Profit on sale of assets	-	-
Total Other Income	<u>279 452</u>	<u>140 260</u>
17 EMPLOYEE RELATED COSTS		
Bonus	664 330	607 963
Employee related costs - Salaries and Wages	8 928 627	7 716 813
Employee related costs - Contributions for UIF, pensions and medical aids	1 704 770	1 608 992
Travel, motor car, accommodation, subsistence and other allowances	1 131 319	1 006 987
Housing benefits and allowances	34 452	38 106
Overtime payments	211 052	272 277
Other employee related costs	163 606	134 131
Employee Related Costs	<u>12 838 156</u>	<u>11 385 269</u>

NTAMBANANA MUNICIPALITY
Notes to the Annual Financial Statements (Continued)
for the period ended 30 June 2015

	June 2015	June 2014 R
Remuneration of the Municipal Manager		
Annual Remuneration		
Performance- bonuses		
Travel, motor car, accommodation, subsistence and other allowances		
Back pay		
Contribution to UIF		
	-	-
Mr Mnguni resigned as the municipal manager with effect from 31 December 2012		
The following officials acted as Municipal Managers:		
Miss TRN Myeza (Chief Financial Officer) - 2013 January 02 to 2013 June 30		
Mrs NV Nsele (Director Corporate and Community Services) 2013 August 15 to 2014 February 14		
Mr FS Mazibuko (Manager: Human Settlements) - 2014 February 16 to todote.		
Remuneration of the Chief Finance Officer		
Annual Remuneration	659 113	604 812
Acting Allowance		
Performance- bonuses	90 177	84 674
Travel, motor car, accommodation, subsistence and other allowances	197 650	190 165
Long Service awards		
Contribution to UIF		
	946 940	879 651
Remuneration of the Director Corporate and Community services		
Annual Remuneration	659 113	
Performance- bonuses	90 177	
Travel, motor car, accommodation, subsistence and other allowances	194 791	
Acting Allowance		
Back pay		
Contributions to UIF		
	944 082	-
Remuneration of Individual Executive Directors		
2015	Executive services	Corporate Services
Annual Remuneration		659 113
Acting Allowance		
Performance- and other bonuses		
Travel, motor car, accommodation, subsistence and other allowances		194 791
Contributions to UIF, Medical and Pension Funds		
Long Service Award		
Acting Allowance		
Total	-	853 904
2014		
Annual Remuneration		604 812
Acting Allowance		
Performance- and other bonuses		84 674
Travel, motor car, accommodation, subsistence and other allowances		190 165
Contributions to UIF, Medical and Pension Funds		
Long Service Award		
Acting Allowance		28 995
Total	-	908 646
18 REMUNERATION OF COUNCILLORS		
Mayor	258 971	255 262
Cell allowance	328 787	333 888
Mobile Data Card Allowance	56 720	57 600
Contributions to Pension		
Councillors	2 529 352	2 310 518
Travel allowance	852 379.04	855 127
Traditional Leaders Allowance		
Total Councillors' Remuneration	4 026 209	3 812 395
In-kind Benefits		
The Mayor is provided with an office and secretarial support at the cost of the Council.		
The Mayor has a full time driver provided by the council.		

NTAMBANANA MUNICIPALITY
Notes to the Annual Financial Statements (Continued)
for the period ended 30 June 2015

	June 2015	June 2014 R
19 DEPRECIATION AND AMORTISATION EXPENSE		
Buildings	193 371.41	123 677
Furniture and Fittings	395 287.69	348 969
Equipment	191 217.34	193 403
Community Facilities	1 632 722.88	1 137 887
Sport facilities	589 462.97	375 088
Motor vehicles	469 046.29	469 046
Intangible Assets	65 477.70	45 378
Total Depreciation and Amortisation	3 536 586	2 693 449
20 REPAIRS AND MAINTANANCE		
Repairs and Maintenance Buildings	714 213	197 435
Repairs and Maintenance Computer Equipment	1 188	2 437
Repairs and Maintenance Furniture and Equipment	10 748	9 552
Repairs and Maintenance Motor Vehicles	399 309	197 544
Total Repairs and Maintenance	1 125 458	406 969
21 GENERAL EXPENSES		
Included in general expenses are the following:-		
Advertising	71 447	96 971
Archive	33 742	12 632
Bank charges	34 763	31 191
Cemeteries Public Awareness	-	-
Community Engagement	942 987	1 105 284
Conferences and delegations	66 350	3 650
Electricity and water	221 240	220 306
External Audit fees	1 017 189	675 593
Free basic energy	734 297	778 536
Fuel and oil	694 741	668 612
General expense EPWP	-	-
Financial Management and Support Systems	316 143	253 162
Insurance	347 595	365 641
Internal audit fees	464 365	452 605
LED Programmes	80 739	177 637
Legal expenses	176 227	211 361
Levies and membership fees	1 013 030	450 439
Licence fees	2 500	15 394
Municipal Systems	342 465	455 341
Pauper Burial	355 954	322 328
Postage	3 529	8 890
Printing and stationery	322 328	335 534
Professional fees	999 415	861 849
Publicity	300 577	271 666
Purchase of books	10 789	944
Refreshments	50 164	37 001
Refuse removal	3 490 337	1 380 497
Rent plant, vehicles and machinery	495 321	417 720
Sports	342 843	326 739
Staff Bursaries and Awards	159 218	123 488
Stores & Material	193 529	106 247
Students support	126 000	108 000
Subsistence and travel allowance	928 264	762 201
Telephone cost	485 898	474 257
Training	926 058	573 492
Uniforms and protective clothing	109 787	26 865
Ward Committes	396 960	401 192
Youth Council	83 582	239 541
	16 340 373	12 752 806

NTAMBANANA MUNICIPALITY
Notes to the Annual Financial Statements (Continued)
for the period ended 30 June 2015

	June 2015	June 2014 R
22 CONTRACTED SERVICES		
Cleaning Services	191 990	186 118
Fire Services	1 826 484	1 515 083
IT Support	160 393	157 320
Security	843 625	1 033 006
	<u>3 022 502</u>	<u>2 891 527</u>
23 COMMUNITY PROJECTS		
Moringa and Essential Oil Projects	897 640	2 616 420
National Electrification Programme	1 655 332	15 349 632
Drought Relief and Communal Dams	2 470 379	-
	<u>5 023 351</u>	<u>17 966 052</u>
24 FINANCE CHARGES		
Finance charges relate to Lease agreement with capital Office Automation		
Product Type - Copier 7855 - Serial No. 3913723227	32 259	26 131
Product Type - Copier D125 - Serial No. 3909635542	14 158	11 467
	<u>46 418</u>	<u>37 598</u>
25 CASH GENERATED BY OPERATIONS		
Surplus/(deficit) for the year	15 009 318	10 453 073
Adjustment for:-		
Depreciation and amortisation	3 536 586	2 693 449
(Gain) / loss on sale of assets	-	-
Contribution to provisions - current	210 487	110 167
Finance income	(1 419 215)	(1 235 663)
Prior Year Adjustment	-	(194 221)
Penalties: Construction Contracts	(150 441)	-
Other non-cash item	2 365	10 197
Finance Charges	46 418	37 598
Operating surplus before working capital changes:	17 235 518	11 874 599
(Increase)/decrease in inventories	-	-
(Increase)/decrease in consumer receivables	(371 183)	(61 177)
(Increase)/decrease in Provisions	66 251.36	112 163
(Increase)/decrease in other receivables	(28 701)	(388 668)
(Increase)/decrease in VAT receivable	403 644	(454 072)
Increase/(decrease) in Unspent Conditional Grants	(4 608 689)	1 263 156
Increase/(decrease) in trade payables	(321 536)	(160 552)
Cash generated by/(utilised in) operations	12 375 304	12 185 449
26 CORRECTION OF ERROR		
Employees' Bonus provision was not accounted for in municipal financial statements, provision contained in Conditions of Service Collective Agreement requires that the bonus (13th cheque) be paid on pro-rata when an employee leaves council during the 26.1 course of the financial year.		
The comparative amount has been restated as follows:		
Increase in Provisions	-	(221 802)
Decrease in Accumulated Surplus	-	27 581
Net effect on Accumulated surplus opening balance	<u>-</u>	<u>(194 221)</u>
26.2 The error as result of incorrect calculation of depreciation		
Increase in Accumulated Depreciation	-	(116 556)
Decrease in Accumulated Surplus	-	116 556
Net effect on Accumulated surplus opening balance	<u>-</u>	<u>-</u>

NTAMBANANA MUNICIPALITY
Notes to the Annual Financial Statements (Continued)
for the period ended 30 June 2015

June 2015

June 2014
R

ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

27 EXTERNAL AUDIT FEES

Previous Years Audit Fees - Unpaid	32 453	1 860 882
Current year audit fee	1 017 189	676 168
Amount paid - current year	(1 012 165)	(670 144)
Amount paid - previous years	(32 453)	(1 834 454)
Balance unpaid (included in payables)	5 024	32 453

28 VAT

VAT input receivables and VAT output payables are shown in note 7. All VAT returns have been submitted by the due date throughout the year.

29 PAYE and UIF

Opening balance	2 544 581	2 344 441
Current year payroll deductions	(2 544 581)	(2 344 441)
Amount paid - current year	-	-
Amount paid - previous years	-	-
Balance unpaid (included in payables)	-	-

30 Pension and Medical Aid Deductions

Opening balance	2 405 768	2 002 262
Current year payroll deductions and Council Contributions	(2 405 768)	(2 002 262)
Amount paid - current year	-	-
Amount paid - previous years	-	-
Balance unpaid (included in payables)	-	-

31 Councillor's arrear consumer accounts

No amounts were owed by Councillors at the end of the financial year

32 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure

- Approved and contracted for	3 324 822	3 448 064
Infrastructure	-	-
Community	3 324 822	3 448 064
Heritage	-	-
Other	-	-
- Approved but not yet contracted for	12 042 017	14 652 560
Infrastructure	-	-
Community	12 042 017	14 652 560
Heritage	-	-
Other	-	-
Total	15 366 838	18 100 624

This expenditure will be financed from:

- External Loans	15 073 000	18 100 624
- Government Grants	293 838	-
- Own resources	-	-
- District Council Grants	-	-
	15 366 838	18 100 624

NTAMBANANA MUNICIPALITY
Notes to the Annual Financial Statements (Continued)
for the period ended 30 June 2015

June 2015

June 2014

33 OPERATING LEASE

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

Operating leases - lessee

Within one year		34 637
In the second to fifth year inclusive		-
After five years		-
Total		34 637

Total future minimum sublease payment expected to be received under non-cancellable sublease

34 IRREGULAR EXPENDITURE

Irregular expenditure disclosed below result from contracts extensions that were above 20% of original contract value.

Opening Balance		
Telephonic Services	81 694	
Security Services	843 625	
Financial System	157 320	
Insurance	341 905	
Website Hosting	43 200	
Closing Balance	1 467 744	

35 LITIGATIONS

35.1 Case No. 8793/2013

The matter between the member of executive council for KwaZulu Natal for Co-Operative Governance and Traditional Affairs (APPLICANT) and Ntambanana Local Municipality (FIRST RESPONDANT) and James Nkoshathi Madondo (SECOND RESPONDENT)

The verdict

That the second respondant appointment was nul and void, in terms of Local Government: Municipal Systems Act no. 32 of 2000, Section 54 A (4) (b), that the second respondant was not a suitable candidate for the post as Municipal manager.

The Appeal

The case is currently under appeal.

36 IN-KIND ASSISTANCE

KZN Provincial Treasury supported the municipality by reviewing Annual Financial Statement for the financial year ended 30 June 2015, hours of the support were not quantified and the support has been ongoing.

37 Going Concern

The municipality will be de-established and merged with Umthonjaneni, Umhlathuze and Umfolozi on 30 June 2016

38 Vacant Post: Municipal Manager

Ntambanana Municipal Council on its meeting held on 2014 July 04 resolved as follows:

a) That the acting period for the Interim Acting Municipal Manager, Mr FS mazibuko (Manager Human Settlements), be extended till further notice while the municipal council is addressing the issue of the municipal manager.

b) That the Mayor be mandated to request the MEC for Cogta to waive any conditions that prevent the Acting Municipal manager to act for a period that exceed the further three months already granted.

c) That if (b) above by the MEC, a request be made to her to consider the name of Mr FS Mazibuko for secondment as per section 54(6)(a) of the Municipal systems act 2000.

NTAMBANANA MUNICIPALITY
Notes to the Annual Financial Statements (Continued)
for the period ended 30 June 2015

39 FINANCIAL RISK MANAGEMENT

Exposure to interest rate, credit and liquidity risk arises in the normal course of the municipal operations. This note presents information about the municipal exposure to the above mentioned risks processes for ensuring and managing risk. For quantitative disclosures please see note 1; 2; 3; 6; 9 and 10.

The accounting policy for financial instruments was applied to the following Financial Position line items

	June 2015	June 2014
Financial Assets		
Cash and Cash Equivalents	21 251 616	21 341 177
Trade and Other Receivables	1 246 461	944 559
Other Receivables	1 262 000	1 233 300
	<u>23 760 077</u>	<u>23 519 035</u>
Financial Liabilities		
Trade and Other Payables	1 264 539	1 586 074
Borrowings - Short Term	9 970 792	14 564 428
Borrowings - Long Term	83 811	150 535
	<u>11 319 142</u>	<u>16 301 037</u>

39.1 Liquidity Risk

Liquidity Risk is the risk that the municipality not being able to meet its obligation as they fall due. The municipal approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its obligations when due, without incurring unacceptable losses or risking damage to the municipal reputation. The municipal ensures that it has sufficient cash on hand to meet its obligations through the use of cash flow forecasts

The Liquidity risk was assessed to be immaterial by management for the Financial Year under review

39.2 Credit Risk

Credit Risk is the risk of financial loss to the municipality if customers and counterparties to the financial instruments fail to meet their obligations, and arises from receivables and cash and cash equivalents.

The maximum credit exposure as at 30 June 2015

Cash and Cash Equivalents	21 251 616	21 341 177
Trade and Other Receivables	1 246 461	944 559
Other Receivables	1 262 000	1 233 300
	<u>23 760 077</u>	<u>23 519 035</u>

39.3 Interest Rate Risk

The municipality banks with only reputable banks in South Africa and municipality does not trade internationally.

NTAMBANANA MUNICIPALITY

APPENDIX A

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2015

	Cost / Revaluation			Sum of opening including Backlog depreciation	Accumulated Depreciation			Carrying Value R	
	Opening Balance	Additions	Assets Written Off		Under Construction	Closing Balance	Depreciation		Assets Written Off
	R	R	R	R	R	R	R	R	
Community Assets									
Community Halls	40 338 873	-	-	7 746 543	48 085 416	(2 298 427)	(1 632 723)	(3 931 149)	44 154 266
Sports Grounds	16 025 268	-	-	5 256 962	21 282 230	(1 548 159)	(589 463)	(2 137 622)	19 144 608
	56 364 141	-	-	13 003 505	69 367 646	(3 846 585)	(2 222 186)	(6 068 771)	63 298 874
Other assets									
Land and Buildings	9 434 832	122 699	-	-	3 557 531	(1 179 756)	(193 371)	(1 373 107)	2 184 424
Furniture and fittings	3 454 642	464 006	(9 163)	-	3 909 486	(2 197 165)	(395 288)	(2 586 654)	1 323 831
Office equipment	1 518 905	150 533	-	-	1 669 438	(1 010 495)	(191 217)	(1 201 712)	467 726
Motor vehicles	3 930 362	-	-	-	3 930 362	(1 026 854)	(469 046)	(1 495 900)	2 434 462
	12 338 741	737 239	(9 163)	-	13 066 817	(5 414 249)	(1 248 923)	(6 656 374)	6 410 443
Total carried forward	68 702 882	737 239	(9 163)	13 003 505	82 434 463	(9 260 835)	(3 471 109)	(12 725 145)	69 709 318

NTAMBANANA MUNICIPALITY

APPENDIX B

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

as at 30 June 2015

	Cost / Revaluation					Accumulated Depreciation				Carrying value	
	Opening Balance		Disposals	Under Construction	Closing Balance	Opening Balance		Additions	Disposals		Closing Balance
	R	R	R	R	R	R	R	R	R		R
Executive & Council	68 702 882	737 239	(9 163)	13 003 505	82 434 463	(9 260 835)	(3 471 109)	6 798	(12 725 145)	69 709 318	
Finance & Admin											
Planning & Development											
Health											
Community & Social Services											
Public Safety											
Sport & Recreation											
Environmental Protection											
Waste Management											
Road Transport											
Water											
Electricity											
Other											
Total	68 702 882	737 239	(9 163)	13 003 505	82 434 463	(9 260 835)	(3 471 109)	6 798	(12 725 145)	69 709 318	

NTAMBANANA MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the period ended 30 June 2015

APPENDIX C
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the period ended 30 June 2015

R 2015	R 2015	R 2015	R 2015	R 2014	R 2014	R 2014
Actual Income	Actual Expenditure	Surplus / (Deficit)	Actual Income	Actual Expenditure	Surplus / (Deficit)	Actual Income
R	R	R	R	R	R	R
61 181 222	10 990 536	(10 990 536)	-	21 748 627	(21 748 627)	
	8 405 994	52 775 228	62 519 500	7 349 763	55 169 737	
	19 059 434	(19 059 434)	-	14 709 708	(14 709 708)	
		-	-	-	-	
	7 715 940	(7 715 940)	-	8 258 329	(8 258 329)	
61 181 222	46 171 903.32	15 009 318	62 519 500	52 066 426.88	10 453 072.83	
			Less: Inter-Department Charges			
61 181 222	46 171 903	15 009 318	62 519 500	52 066 426.88	10 453 073	
Total						

NTAMBANANA LOCAL MUNICIPALITY

APPENDIX D

GRANT REGISTER FOR THE PERIOD ENDED 30 JUNE 2015

DESCRIPTION	R		R		R	
	OPENING BALANCE	RECEIPTS	PAYMENTS	CLOSING BALANCE	COMMITMENTS	
Refuse Removal	11 365 993.22	2 854 579.00	(7 078 355.30)	7 142 216.92	(7 142 216.92)	
Integrated Electrification Programme Grant	(29 297.60)	-	29 297.60	-	-	
Municipal Infrastructure Grant	(906 771.99)	12 668 000.00	(12 839 558.41)	(1 078 330.40)	1 078 330.40	
Municipal Systems Improvement Grant	1 426.77	934 000.00	(948 775.74)	(13 348.97)	13 348.97	
Financial Management Grant	(34 569.65)	1 800 000.00	(1 773 158.36)	(7 728.01)	7 728.01	
Provincialisation of Libraries Grant	(78 723.61)	535 000.00	(456 276.39)	-	-	
Infrastructure - Sport Facilities Grant	524 999.74	1 875 000.00	(151 064.42)	2 248 935.32	(2 248 935.32)	
Community Library Services Grant	64 730.45	126 000.00	(190 730.45)	-	-	
Expanded Public Works Programme Grant	4 924.40	1 771 000.00	(1 760 460.48)	15 463.92	(15 463.92)	
National Lottery Grant	1 369 297.78	-	(1 102 793.45)	266 504.33	(266 504.33)	
Support for Thusing Centres	-	-	-	-	-	
Security for MPCC's	-	-	-	-	-	
Housing Grant	-	-	-	-	-	
Corridor Development	1 181 384.96	-	(950 437.56)	230 947.40	(230 947.40)	
Total	13 463 394.47	22 563 579.00	(27 222 312.96)	8 804 660.51	(8 804 660.51)	

NTAMBANANA LOCAL MUNICIPALITY

Appendix E
Schedule of External Loans as at 30 June 2015

Description	Loan Number	Redemption Date	Balance at 01/07/2014	Received during the Year	Redeemed during the Year	Written off during the Year	R	
							R	R
Long-Term Loans								
N/A			-	-	-	-	-	-
Annuitiy Loans			-	-	-	-	-	-
N/A			-	-	-	-	-	-
Government Loans								
N/A			-	-	-	-	-	-
Lease Liability								
Capital Office Automation	3909635542	2016/11/01	140 659	-	(35 949)	-	104 710	
Capital Office Automation	3913723227	2016/11/01	61 447	-	(15 722)	-	45 725	
			202 106	-	(51 670)	-	150 435	
			202 106	-	(51 670)	-	150 435	

NTAMBANANA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the period ended 30 June 2015

Financial Ratios

	June 2015	June 2014
1 Capital Expenditure to Total Expenditure		
Capital Expenditure	837 378	12 874 574
Total Expenditure	47 009 281	59 046 477
	1.78%	21.80%
2 Impairment of PPE, Investment Properties and Intangible Assets		
Impairment Loss	2 365	10 197
Capital Assets	69 804 511	59 502 579
	0.00%	0.02%
3 Repairs and Maintenance on PPE and Investments Properties		
Repairs and Maintenance	1 125 458	406 969
Capital Assets	69 804 511	59 502 579
	1.61%	0.68%
4 Collection Rate		
Opening Balance: Debtors	944 559	883 381
Billing Revenue	1 322 608	1 288 002
	2 267 167	2 171 383
Less: Closing Balance	(1 246 461)	(944 559)
	1 020 706	1 226 824
Billing Revenue	1 322 608	1 288 002
	77.17%	95.25%
5 Current ratio		
(Current Assets - Inventory)	24 728 639	24 891 241
Current Liabilities	12 134 960	16 938 224
	2 : 1	1.5 : 1
6 Acid Test ratio		
Current Assets	24 728 639	24 891 241
Current Liabilities	12 134 960	16 938 224
	2 : 1	1.5 : 1
7 Own funded Capital Expenditure		
Own Capital Expenditure	1 176 649	1 176 649
Total Capital expenditure	837 378	479 255
	X 100	X 100
	140.52%	245.52%
8 Remuneration as a % of Total Operating expenditure		
Salaries and Wages	12 838 156	11 385 269
Councillors allowances	4 026 209	3 812 395
	16 864 365	15 197 663
Total Operating Expenditure	46 171 903	52 066 427
	X 100	X 100
	36.53%	29.19%